

# Controller *John Chiang*

## California State Controller's Office



Winter Newsletter

Unclaimed Property Program

Volume 6, Issue 4

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## Changes to Unclaimed Property Law — Aggregate Reporting

Effective July 1, 2014, Assembly Bill (AB) 212 changes the threshold for aggregate reporting and clarifies service charges for banks and financial institutions. This bill will increase the speed, ease, and success with which the State Controller's Office (SCO) is able to reunite owners with their unclaimed property by lowering the minimum threshold amount for aggregate reporting of unclaimed property from \$50 to \$25, and requiring owner information be provided for these properties.

Holders of unclaimed property will be required to include in their report to the Controller, the name and last known address of the apparent owner(s) of any escheated property valued at \$25 or greater. The only properties exempt from this requirement are traveler's checks and money orders.

If account information is available, we strongly encourage you to provide it, regardless of the value of the property. When property submitted without identifying information is claimed from the SCO, holders may be asked to further assist owners during the process.

Holders of unclaimed property valued at less than \$50 will continue to be exempt from the general requirement to send due diligence notices to owners prior to escheating property to the State.

Also effective July 1, 2014, the bill authorizes banking or financial institutions to impose a service charge of up to two dollars on property for which a due diligence notice was sent, if the property has a value greater than two dollars.

### **How does this change to the law impact you?**

When you file a Holder Notice Report prior to July 1, 2014, and the corresponding Holder Remit Report is due after July 1, 2014, you will only be required to provide the name and last known address of the apparent owner(s) for properties valued at \$50 or more. However, all future reports filed by you will be subject to the requirements of the new law. To view AB 212 please [click here](#).



## Legislative Updates

The following is a list of new provisions of the Unclaimed Property Law California Code of Civil Procedure (CCP). The changes from Assembly Bill (AB) 1275, and Senate Bill (SB) 184 are summarized below, and the links to the legislation are included for your convenience.

### Assembly Bill 1275

AB 1275 clearly defines the term “owner” for the purpose of filing an unclaimed property claim with the State Controller and specifies that only an owner may file a claim for unclaimed property.

Prior law defined an “owner” as the person who had legal right to the property prior to its escheat, his or her heirs, his or her legal representative, or a public administrator authorized by law. However, due to a recent court decision, the SCO has seen an increase in claims being filed by interested third parties seeking access to unclaimed money without the rightful owner’s consent.

Effective January 1, 2014, only a person who claims to have been an owner, as defined in CCP section 1540, may file a claim with the Controller, and the Controller, within 180 days after a claim is filed, is required to determine if the claimant is the owner of the property claimed. This bill revises the definition of owner to also include the estate representative and guardian or conservator, and removes the legal representative, of the person who had the legal right to the property prior to its escheat.

To view AB 1275 please [click here](#).

### Senate Bill 184

SB 184 will expand existing law allowing the Controller to offset or deduct certain amounts due from a person or entity to include special districts in addition to cities, counties and courts. Under existing law, if a person or entity owes money to a city, county, or court, that city, county, or court can request the State Controller withhold money the person or entity would otherwise receive from a personal income tax refund, corporate income tax refund, sales tax refund, state lottery winnings, or a claim for payment of money from unclaimed property held by the state. Previously, the only time special districts could ask the State Controller to withhold money from tax refunds, state lottery winnings or unclaimed property payments was to collect debts from unpaid bridge tolls, high-occupancy toll lane fees or other charges on account of nonpayment of bridge toll or high occupancy toll lane fees. Effective January 1, 2014, special districts will have the same statutory authority that cities and counties have to request that the Controller withhold state payments to collect debts.

To view SB 184 please [click here](#).

## Holder Alert: Letters from “Investigators”

Have you received a letter from an investigator looking to claim property on behalf of a property owner? Investigators, sometimes referred to as Asset Locators or Heir Finders, are individuals or companies that offer to file claims for a fee on behalf of the apparent owner or their heirs.

It has come to our attention that holders are receiving inquiries from investigators about claiming property on behalf of property owners listed on their Holder Notice Report. Some holders have also reported receiving an Abandoned Property Power of Attorney (“POA”) form signed by the property owners, granting the investigators the power to act on behalf of the property owner to recover abandoned property. We want to alert all holders that any contract, or POA, for property that has been noticed but not yet remitted is INVALID.

According to Title 10, Chapter 7, Section 1582 of the CCP, an investigator **may not** enter into a contract with a property owner to locate, deliver, recover, or assist in the recovery of property that is pending transfer from the business to the SCO. Legally, investigators may only enter into a contract to assist a property owner once the property is transferred to the SCO and the SCO has published a notice in a newspaper of general circulation.

Notices are being mailed out to remind investigators they cannot contract for properties still in the holder’s possession. If an investigator is attempting to claim property or inform you, the holder, the information on our website is incorrect, please contact the Investigator Unit at [UPDinvestigators@sco.ca.gov](mailto:UPDinvestigators@sco.ca.gov).



For additional information, please see the links below:

Notice sent to investigators:

[http://www.sco.ca.gov/Files-UPD/notice\\_n\\_properties.pdf](http://www.sco.ca.gov/Files-UPD/notice_n_properties.pdf)

Investigator Frequently Asked Questions:

[http://www.sco.ca.gov/upd\\_faq\\_investigator.html](http://www.sco.ca.gov/upd_faq_investigator.html)

Investigator Handbook:

[http://www.sco.ca.gov/Files-UPD/guide\\_investigator\\_handbook.pdf](http://www.sco.ca.gov/Files-UPD/guide_investigator_handbook.pdf)

## Did You Discover Additional Property?

If you discover additional dormant properties after submitting your 2013 Holder Notice Report, you must report these properties on a separate Supplemental Holder Notice Report. Please do not add these properties to your 2013 Holder Remit Report.

California law requires that before unclaimed property can be transferred to the state, SCO must send a notice to the owner giving them the opportunity to claim their property directly from the holder.

The Supplemental Holder Notice Report should only contain new properties. When filing your report, check the “Supplemental Notice Report” box on the Universal Holder Face Sheet (UFS-1) and write “SUPPLEMENTAL” on the CD/diskette. Also remember to include the holder’s name, federal

employer identification number, report year, “As of” date and dollar amount of the report on the CD/diskette. You will be notified in writing of the date to submit the Holder Remit Report corresponding to your Supplemental Holder Notice Report.

Please note that per CCP section 1577, interest is payable to the SCO at the rate of 12 percent per annum on the property or value thereof from the date the property should have been reported, paid or delivered.

If you have questions, please contact the Reporting Unit at (916) 464-6284 or [UCPReporting@sco.ca.gov](mailto:UCPReporting@sco.ca.gov).

## Look for Holder Remit Reminder Letters

The SCO sends Holder Remit Reminder Letters (14F) to all holders once the Holder Notice Reports and Supplemental Notice Reports are approved. The 14F must be signed and returned with the Holder Remit Report. It is imperative that holders read the entire letter as it contains important information for properly submitting the Holder Remit Report. Listed below are topics that are covered in the Holder Remit Reminder Letter (14F):

- Holder Remit Report due date and your Report ID
- Required forms for submitting a Holder Remit Report
- Handling properties on the Holder Notice Report that are no longer dormant
- New properties identified that are not included on the Holder Notice Report
- Electronic Funds Transfer (EFT) instructions
- Transfer of securities

Please remember, holders are responsible for responding to all owner claims received prior to May 31 (November 30 for life insurance companies).

If you have questions, please contact the Reporting Unit at (916) 464-6284 or [UCPReporting@sco.ca.gov](mailto:UCPReporting@sco.ca.gov).



## The State Controller's Office Performs Due Diligence

Now that holders have submitted their 2013 Holder Notice Reports, the SCO will mail due diligence notices to the reported owners of unclaimed property. These notices will be mailed within 165 days of receiving the Holder Notice Report and will instruct property owners, with property values of \$50 or more, to contact the holder to claim their unclaimed property before it is sent to the SCO. If the property owner contacts the holder before the required Holder Remit Report due date of June 1 (December 1 for life insurance companies), the property is no longer considered dormant. Once contact has been made, the holder should pay the property directly to the property owner and will not report or remit the property with the Holder Remit Report. For owner accounts that are no longer unclaimed, the holder may either exclude the owner accounts from the Holder Remit Report entirely or include the owner accounts on the Holder Remit Report with an appropriate pay or deletion type code and show the property remitted amount as zero.

If you have questions, please contact the Reporting Unit at (916) 464-6284 or [UCPReporting@sco.ca.gov](mailto:UCPReporting@sco.ca.gov).

### Important Upcoming Date

**Before May 1:** Holder Notice Reports due for Life Insurance Companies



**California State Controller's Office  
Unclaimed Property Division  
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Rancho Cordova, CA 95670  
[www.sco.ca.gov](http://www.sco.ca.gov)**

Reporting Assistance: (916) 464-6284

Claims Assistance: (800) 992-4647  
(outside USA): (916) 323-2827

1577 Interest Assessment Unit: (916) 464-6092  
(for CA CCP §1577 inquiries)  
[1577info@sco.ca.gov](mailto:1577info@sco.ca.gov)

Outreach and Compliance Unit: (916) 464-6088  
[UPDcompliance@sco.ca.gov](mailto:UPDcompliance@sco.ca.gov)

Questions regarding securities: (916) 464-7123  
[UPDSecRecon@sco.ca.gov](mailto:UPDSecRecon@sco.ca.gov)

Questions regarding EFT remittance:  
[UPDSCOEft@sco.ca.gov](mailto:UPDSCOEft@sco.ca.gov)

Please send your newsletter comments, ideas, or concerns to: [UPDHolderOutreach@sco.ca.gov](mailto:UPDHolderOutreach@sco.ca.gov)